

Appendix F

Overview of Farmland and Open Space Preservation Act (P.A. 116)

The Farmland and Open Space Preservation Act, more commonly known as P.A. 116 provides four programs for preserving agricultural and open space lands. This variety allows landowners to choose a program that best fits their needs. All four programs are voluntary and must be initiated by a landowner. Preservation occurs by placing either a temporary or permanent conservation easement on the land. The benefits a landowner would receive for voluntarily agreeing to restrict their land from development differs between programs. The four programs are as follows:

Temporary Conservation Easements:

1) Farmland Development Rights Agreements

- ◆ Term - 10 to 90 years
- ◆ Eligibility - 5 to 39 acre parcels must have at least 51% of the land in agricultural use or Conservation Reserve Program and must earn at least \$200 gross annual income per cleared and tillable acre.
 - 40 acre or larger parcels must only meet the 51% requirement
- ◆ Restrictions - the land may not be developed for any use other than agriculture
- ◆ Benefits to Landowner - Participants are eligible for a property tax credit claimed with their state income tax return and are exempt from certain special assessments.

2) Local Open Space Easements

- ◆ Term - 10 to 90 years
- ◆ Eligibility - A parcel of any size, which in its present condition would conserve natural or scenic resources, including the promotion of the conservation of soils, wetlands, and beaches: the enhancement of recreation opportunities or the preservation of historic sites.
 - Idle potential farmland of not less than 40 acres that is substantially undeveloped and because of its soils, terrain, and location is capable of being to agricultural uses identified by the department of agriculture.

** The only way that farmland can be enrolled under this program is if the local government's intent is to preserve the soils on the farmland.*

- ◆ Restrictions - The land may not be developed while subject to the easement.
- ◆ Benefits to the Landowner - Participants receive a direct property tax bill deduction determined by reassessing the land with the development rights restricted and are exempt from certain special assessments. The local governing body would approve or deny a landowner's application for enrollment in this program and would be responsible for the property tax bill adjustment.

3) *Designated Open Space Easements*

- ◆ Term - 10 to 90 years
- ◆ Eligibility - Any undeveloped site included in a national registry of historic places or designated as a historic site pursuant to state or federal law
 - Riverfront property that is within ¼ mile of a state designated natural river under part 305 of PA 451.
 - Undeveloped lands designated as environmental areas under part 323.
- ◆ Restrictions - The land may not be developed while subject to the easement.
- ◆ Benefits to the Landowner - Participants receive a direct property tax bill deduction determined by reassessing the land with the development rights restricted and are exempt from certain special assessments. The State of Michigan would approve or deny a landowner's application for enrollment in this program and would be responsible to pay lost revenue to the local government caused by a landowner's benefit.

Permanent Conservation Easement:

4) *Purchase of Development Rights Easement*

- ◆ Term – Perpetuity
- ◆ Eligibility - A parcel of any size that has at least 51% of the nominated land devoted to an agricultural use and land that has been supported by the local governing body.
- ◆ Restrictions - The land may not be developed for any use other than agriculture.
- ◆ Benefits to the Landowner
 - Participants receive a cash payment equal to the appraised value of the development rights on the property (the state payment is currently (1999) restricted to a maximum cap of \$5000 per acre).
 - Land would be assessed at its agricultural value.
 - Landowners may receive inheritance tax reductions due to the participation in the permanent conservation easement (American Farmland and Ranch Protection Act).

For more information and current forms

To get more information and current forms for the Farmland and Open Space Preservation Program, contact:

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